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October 22, 2007

Brian McNeil, Executive Secretary
Arizona Corporation Commission
Telecommunications Division
1200 West Washington
Phoenix, AZ 85007

RE: Total Call International, Inc.
Docket No. T-04004A-01-0259

Dear Mr. McNeil:

Enclosed please find an original and thirteen (13) copies of the above-referenced company's Response to Complaint and Petition for Show Cause.

Should you have any questions concerning this filing, please contact the undersigned.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/tld

Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

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BEFORE THE ARIZONA CORPORATION COMMISSION

STAFF of the Utilities Division,

Complainant,

DOCKET NO. T-04004A-01-0259

vs.

**RESPONSE TO COMPLAINT AND
PETITION FOR ORDER TO SHOW
CAUSE**

TOTAL CALL INTERNATIONAL, INC.

Respondent.

RESPONSE TO COMPLAINT AND PETITION FOR SHOW CAUSE

We are the attorneys for Total Call International, Inc. ("Total Call"). On behalf of Total Call, we file this Response to Complaint and Petition for Order to Show Cause, stating as follows:

JURISDICTION

1. Total Call admits paragraph 1.

FACTUAL BACKGROUND

2. Total Call neither admits nor denies the allegations contained in paragraph 2.
3. Total Call admits paragraph 3.
4. Total Call neither admits nor denies allegations raised in paragraph 4.
5. Total Call admits paragraph 5.
6. Total Call neither admits nor denies paragraph 6.
7. Total Call neither admits nor denies paragraph 7.
8. Total Call neither admits nor denies allegations contained in paragraph 8, excepting that Total Call admits that it has attempted and continues to attempt to procure a company willing to issue the required bond.
9. Total Call admits paragraph 9.

10. Total call admits paragraph 10.
11. Total Call neither admits nor denies allegations set forth in Paragraph 11.
12. Total Call admits allegations set forth in Paragraph 12.

CONCLUSION AND RECOMMENDATION

13. We believe the original bond requirement should not be imposed upon Total Call at this time for the following reasons:

- (1) Total Call's current financial condition does not justify the filing of a bond. We have included Total Call's most recent financial statements under seal in support of this averment as Exhibit A.
- (2) The original purpose of the bond was to protect the end users of Arizona from unscrupulous carriers. Total Call's treatment of end users does not support the imposition of a bond at this time. As indicated by the Staff, no complaint, inquiry, or opinion have been filed against Total Call in Arizona since receiving authority to provide service in 2001. Total Call's exemplary record over the past 6 years demonstrates that it treats Arizona customer with the highest degree of care.

WHEREFOR, Total Call respectfully requests that the Commission cancel the performance bond requirement, or in the alternative, allow for Total Call to substitute a sight draft Letter of Credit for such performance bond requirement.

Dated: 10/22/07

Total Call International, Inc.

By: _____

Patrick D. Crocker
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Its: Attorneys

EXHIBIT A

TOTAL CALL INTERNATIONAL, INC.
BALANCE SHEET - Unaudited
AT JULY 31, 2007

ASSETS

CURRENT ASSETS

| | | |
|--------------------------------------|---------------|--------------|
| Cash and cash equivalents | \$ 1,663,386 | |
| Accounts receivable, less allowances | \$ 15,099,656 | |
| Inventory | \$ 4,064 | |
| Deposits | \$ 370,238 | |
| Prepaid Expenses | \$ 511,286 | |
| Deferred Tax Assets | \$ 799,124 | |
| Accrued Interest Income | \$ 15,336 | |
| Total Current Assets | | \$18,463,089 |

PROPERTY, PLANT, AND EQUIPMENT

| | | |
|---|----------------|--------------|
| Leasehold Improvements | \$ 414,188 | |
| Office Furniture & Equipment | \$ 680,096 | |
| Computer Equipment | \$ 893,773 | |
| Switching Equipment | \$ 2,456,000 | |
| Software | \$ 2,610,012 | |
| Total Fixed Assets | \$ 7,054,071 | |
| Less: Accumulated Depreciation/Amortization | \$ (4,861,036) | |
| Net Property, Plant, and Equipment | | \$ 2,193,035 |

OTHER ASSETS

| | | |
|---------------------|--------------|----------------------------|
| Opex Acquisition | \$ 7,060,583 | |
| Note Receivable | \$ 3,664,546 | |
| Due from Affiliates | \$ 4,506,707 | \$15,231,836 |
| TOTAL ASSETS | | <u>\$35,887,959</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------|---------------|--------------|
| Accounts Payable | \$ 11,608,082 | |
| Accrued Liabilities | \$ 5,812,812 | |
| Deferred Revenue | \$ 18,096,918 | |
| Total Current Liabilities | | \$35,517,813 |

LONG TERM LIABILITIES

| | | |
|---------------|------------|--|
| Software Loan | \$ 172,000 | |
|---------------|------------|--|

TOTAL LIABILITIES

\$35,689,813

STOCKHOLDERS' EQUITY

| | | |
|----------------------------|--------------|------------|
| Common Stock | \$ 18,045 | |
| Additional Paid In Capital | \$ 144,830 | |
| Treasury Stock | \$ (700,000) | |
| Retained Earnings | \$ 735,271 | |
| Total Equity | | \$ 198,146 |

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$35,887,959

TOTAL CALL INTERNATIONAL, INC.
 INCOME STATEMENT - Unaudited
 FOR SEVEN MONTHS ENDED JULY 31, 2007

OPERATING REVENUES

| | |
|------------------------|---------------|
| Prepaid Cards | \$ 84,463,078 |
| Long Distance Services | \$ 5,661,230 |
| Wholesale | \$ 206,701 |

| | |
|--------------------------|----------------------|
| Total operating revenues | <u>\$ 90,331,009</u> |
|--------------------------|----------------------|

OPERATING EXPENSES

| | |
|-------------------------------|---------------|
| Carrier costs | \$ 83,271,535 |
| Card printing | \$ 173,225 |
| Depreciation and amortization | \$ 563,231 |
| General and administrative | \$ 5,022,799 |
| Sales and marketing | \$ 1,234,379 |
| Bad debts expense | \$ 201,313 |

| | |
|--------------------------|----------------------|
| Total operating expenses | <u>\$ 90,466,481</u> |
|--------------------------|----------------------|

NET ORDINARY INCOME

| |
|--------------|
| \$ (135,472) |
|--------------|

OTHER INCOME AND (EXPENSES)

| | |
|------------------|-------------|
| Interest Income | \$ 263,966 |
| Interest Expense | \$ (24,452) |

NET INCOME BEFORE TAXES

| |
|-------------------|
| <u>\$ 104,043</u> |
|-------------------|

RETAINED DEFICIT, beginning of year

\$631,229

Add: Net Income

| |
|------------|
| \$ 104,043 |
|------------|

RETAINED DEFICIT, end of year

| |
|------------------|
| <u>\$735,271</u> |
|------------------|

TOTAL CALL INTERNATIONAL, INC.
BALANCE SHEET - Unaudited
AT DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

| | | |
|--------------------------------------|---------------|--------------|
| Cash and cash equivalents | \$ 7,481,923 | |
| Accounts receivable, less allowances | \$ 15,708,039 | |
| Inventory | \$ 4,064 | |
| Due from Others | \$ 1,128,083 | |
| Deposits | \$ 399,067 | |
| Prepaid Expenses | \$ 602,037 | |
| Deferred Tax Assets | \$ 799,124 | |
| Accrued Interest Income | \$ 39,508 | |
| Total Current Assets | | \$26,161,845 |

PROPERTY, PLANT, AND EQUIPMENT

| | | |
|---|----------------|--------------|
| Leasehold Improvements | \$ 414,188 | |
| Office Furniture & Equipment | \$ 597,082 | |
| Computer Equipment | \$ 827,761 | |
| Switching Equipment | \$ 2,442,110 | |
| Software | \$ 2,459,430 | |
| Total Fixed Assets | \$ 6,740,571 | |
| Less: Accumulated Depreciation/Amortization | \$ (4,297,805) | |
| Net Property, Plant, and Equipment | | \$ 2,442,766 |

OTHER ASSETS

| | | |
|------------------|--------------|--|
| Opex Acquisition | \$ 89,147 | |
| Note Receivable | \$ 3,607,324 | |

TOTAL ASSETS

\$32,301,081

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------|---------------|--------------|
| Accounts Payable | \$ 10,936,362 | |
| Accrued Liabilities | \$ 2,118,050 | |
| Deferred Revenue | \$ 18,868,517 | |
| Total Current Liabilities | | \$31,922,929 |

LONG TERM LIABILITIES

| | | |
|---------------|------------|--|
| Software Loan | \$ 284,048 | |
|---------------|------------|--|

TOTAL LIABILITIES

\$32,206,977

STOCKHOLDERS' EQUITY

| | | |
|----------------------------|--------------|-----------|
| Common Stock | \$ 18,045 | |
| Additional Paid In Capital | \$ 144,830 | |
| Treasury Stock | \$ (700,000) | |
| Retained Earnings | \$ 631,229 | |
| Total Equity | | \$ 94,104 |

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$32,301,081

TOTAL CALL INTERNATIONAL, INC.
INCOME STATEMENT - Unaudited
FOR PERIOD ENDED DECEMBER 31, 2006

OPERATING REVENUES

| | | |
|------------------------|----|-------------|
| Prepaid Cards | \$ | 128,625,202 |
| Long Distance Services | \$ | 11,175,503 |
| Wholesale | \$ | 510,214 |

| | | |
|--------------------------|----|-------------|
| Total operating revenues | \$ | 140,310,919 |
|--------------------------|----|-------------|

OPERATING EXPENSES

| | | |
|-------------------------------|----|-------------|
| Carrier costs | \$ | 125,508,542 |
| Card printing | \$ | 963,673 |
| Depreciation and amortization | \$ | 989,829 |
| General and administrative | \$ | 9,345,267 |
| Sales and marketing | \$ | 2,330,810 |
| Bad debts expense | \$ | 368,017 |

| | | |
|--------------------------|----|-------------|
| Total operating expenses | \$ | 139,506,138 |
|--------------------------|----|-------------|

| | | |
|---------------------|----|---------|
| NET ORDINARY INCOME | \$ | 804,782 |
|---------------------|----|---------|

OTHER INCOME AND (EXPENSES)

| | | |
|-----------------|----|---------|
| Interest Income | \$ | 659,833 |
|-----------------|----|---------|

| | | |
|-------------------------|----|-----------|
| NET INCOME BEFORE TAXES | \$ | 1,464,615 |
|-------------------------|----|-----------|

| | | |
|-------------------------------------|--|-------------|
| RETAINED DEFICIT, beginning of year | | (\$833,386) |
|-------------------------------------|--|-------------|

| | | |
|-----------------|----|-----------|
| Add: Net Income | \$ | 1,464,615 |
|-----------------|----|-----------|

| | | |
|-------------------------------|--|-----------|
| RETAINED DEFICIT, end of year | | \$631,229 |
|-------------------------------|--|-----------|